# FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC. Clarksville, Maryland

FINANCIAL STATEMENT June 30, 2006

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### **Independent Auditor's Report**

The Honorable County Council Fifth District Volunteer Fire Department, Inc. Howard County, Maryland

We have audited the statement of cash receipts and disbursements of the County's operating fund – actual and budget of the Fifth District Volunteer Fire Department, Inc. ("Department") for the year ended June 30, 2006. This financial statement is the responsibility of the Department's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements of the County's operating fund – actual and budget is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the Summary of Significant Accounting Policies, this financial statement was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. In addition, this statement was prepared to comply with requirements specified by the Howard County Government and is not a complete presentation of the Fifth District Volunteer Fire Department, Inc.'s cash, cash receipts and disbursements.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the County's operating fund – actual and budget of the Fifth District Volunteer Fire Department, Inc. for the year ended June 30, 2006, on the basis of accounting described in the Summary of Significant Accounting Policies.

Our audit was performed for the purpose of forming an opinion on the financial statement taken as a whole. The accompanying supplemental information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement. The additional information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Baltimore, Maryland September 6, 2006

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Clifton Gemderson LLP

### FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC. STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE COUNTY'S OPERATING FUND – ACTUAL AND BUDGET Year Ended June 30, 2006

	Actual		Budget	
RECEIPTS				
Howard County, Maryland	\$	429,833	\$	429,833
Interest		88		-
Reimbursements from Howard County		5,722		<b>100</b>
Total receipts	***************************************	435,643	•••••	429,833
DISBURSEMENTS				
Contractual services		170,280		182,446
Materials and supplies		152,229		162,715
Business and travel expenses		38,505		49,982
Capital outlay		4,741		25,000
Miscellaneous		2,338	***************************************	9,690
Total disbursements	***************************************	368,093		429,833
INCREASE IN CASH DURING THE YEAR		67,550	<u>\$</u>	***
CASH BALANCE, BEGINNING OF YEAR	***************************************	284		
CASH, END OF YEAR	<u>\$</u>	67,834		

This financial statement should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statement.

## FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES June 30, 2006

Fifth District Volunteer Fire Department, Inc., is located in Howard County, Maryland and is a full-service, public service organization providing Fire Suppression, Rescue, and Paramedic level Emergency Medical Services. This organization accomplishes its daily goal of quality service to the citizens of Howard County with a group of dedicated volunteers, as well as a complement of Howard County Department of Fire and Rescue Services personnel.

#### BASIS OF ACCOUNTING

The financial statement has been prepared on the cash basis of accounting and is not intended to present the results of operations in conformity with generally accepted accounting principles. Under the cash basis of accounting, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. However, significant amounts committed through encumbrance, if any, as of year-end are disclosed for informational purposes.

The budget is determined by the Howard County Council during its annual budgetary process. It represents the Department's portion of the County's total budget.

This statement includes the cash receipts and disbursements of the County's operating account of the Fifth District Volunteer Fire Department, Inc. Certain financial activities of the Department are accounted for separately and the related cash accounts are not included in this statement.

The cash basis differs from generally accepted accounting principles primarily because of the following:

- Accounts receivable are not reflected as revenue.
- The purchase of inventories and fixed assets are reflected as disbursements as opposed to assets, and the related use of inventories and depreciation of fixed assets are not reflected as expenses.
- Accounts payable are not included as expenses.

## FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC. NOTES TO FINANCIAL STATEMENT June 30, 2006

#### **NOTE 1 – ENCUMBRANCES**

There are no significant encumbrances at the end of the fiscal year.

#### NOTE 2 - RELATED PARTY TRANSACTIONS

A board member's relative owns a plumbing and heating company, which provides services to the Fire Department. Payments to the company totaled \$2,179 for the year ended June 30, 2006.

A company owned by a board member provides repair services and snow removal to the Fire Department. Payments to the company totaled \$2,855 for the year ended June 30, 2006.

A relative of a board member owns a hardware store. Payments to this hardware store totaled \$4,429 for the year ended June 30, 2006.

SUPPLEMENTAL INFORMATION

## FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC. SCHEDULE OF CASH RECEIPTS - ACTUAL AND BUDGET Year Ended June 30, 2006

The Department's cash receipts from Howard County, Maryland's Operating Fund consist of the following:

	Actual	Budget
Howard County, Maryland	Ф. 4 <u>0</u> 4.922	e 404 022
Operating funds Capital funds	\$ 404,833 25,000	\$ 404,833 25,000
TOTAL	\$ 429,833	<u>\$ 429,833</u>

### FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC. SCHEDULE OF CASH DISBURSEMENTS – ACTUAL AND BUDGET Year Ended June 30, 2006

The Department's cash disbursements from the County's operating fund by budgetary object are as follows:

	Actual			Budget	
Contractual Services		· · · · · · · · · · · · · · · · · · ·			
202- Utilities	\$	84,032	\$	67,723	
203 - Telephone		1,225		3,500	
204 - Advertising		250		1,500	
205 - Insurance		10,320		18,000	
206 - Professional		27,031		32,370	
207 - Service and maintenance		44,346		47,128	
219 - Rental equipment		***		3,125	
235 - Fire extinguisher maintenance		346.		500	
237 - Pest control		913		2,400	
240 - Overhead door maintenance	•	1,817	W	6,200	
TOTAL		170,280	\$	182,446	
Materials and Supplies					
301 - Printing	\$	519	\$	1,500	
303 - Postage		1,462		1,590	
303 - Janitorial supplies		4,463		5,830	
304 - Food		1,986		5,000	
305 - Office supplies		2,753		4,370	
306 - Auto supplies		41,901		31,960	
307 - Tools		71		1,000	
308 - General supplies		1,825		5,350	
342 - Uniforms		5,230		9,551	
343 - Protection equipment		2,058		12,150	
344 - Firefighting equipment		7,542		19,843	
345 - Medical supplies		14,975		13,200	
352 - Computer supplies		247		800	
373 - Vehicle maintenance		67,197	***************************************	50,571	
TOTAL		152,229	\$	162,715	

# FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC. SCHEDULE OF CASH DISBURSEMENTS – ACTUAL AND BUDGET Year Ended June 30, 2006

(Continued)

	<u> Actual</u>			Budget		
Business and Travel Expenses						
410 - Vehicle fuels	\$	33,761	\$	23,432		
412 - Private vehicle expense		166		600		
414 - Subsistence		3,455		10,200		
415 - Subscriptions		432		350		
416 - Membership dues		225		900		
417 - Tuition reimbursement		-		2,500		
418 - Seminars and meetings		••		1,000		
420 - Training courses		466	4	11,000		
TOTAL	\$	38,505	\$	49,982		
Capital Outlay						
505 - Operational equipment		4,741	\$	25,000		
Miscellaneous						
606 - Contributions	\$	50	\$	750		
607 - Miscellaneous	-	2,288		8,940		
TOTAL		2,338	\$	9,690		